

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Carol C. Lam***

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For Immediate Release

NEWS RELEASE SUMMARY - June 17, 2005

United States Attorney Carol C. Lam announced that United States District Court Judge John A. Houston sentenced Matthew Lotze of Ramona, today to serve 21 months for fraudulently re-selling hazardous toys that he had been hired to destroy.

Shortly before he was scheduled to go to trial in March, Lotze pled guilty to two counts of mail fraud, four counts of wire fraud, and one count of making a false statement to federal investigators.

Lotze was hired in 2001 by Chevron Texaco Corporation to destroy approximately 600,000 toy cars which the U.S. Consumer Product Safety Commission had determined contained small parts that could break off and pose a choking hazard to children under the age of three, according to the charges to which Lotze pled guilty. The toy cars had been sold at Chevron gas stations under the names "Freddy 4-Wheeler," "Sam Sedan," "Wendy Wagon," and "Tony Turbo." Chevron recalled the toy cars and paid \$39,500 to Lotze's company, American Marketing Company, to destroy the toy cars.

In connection with his plea Lotze admitted that he provided Chevron with certificates of destruction, photographs, and a videotape purporting to document the cars' destruction, but then re-sold most of the toy cars to toy wholesalers in California, Iowa, and Minnesota, without telling them about the safety hazard. Lotze subsequently denied having re-sold the toy cars when questioned by Consumer Product Safety Commission investigators.

United States Attorney Lam said, "What is reprehensible is that Mr. Lotze knowingly endangered the lives of young children, solely to enrich himself."

Protecting young children from choking hazards is one of the Consumer Product Safety Commission's top priorities. In 2003, the last year for which statistics are available, ten children died in the United States by choking on a toy, according to the Commission.

The case was prosecuted jointly by the U.S. Attorney's Office in San Diego and the Office of Consumer Litigation, which is part of the Department of Justice in Washington, D.C. The investigation was directed by the U.S. Consumer Product Safety Commission.

DEFENDANT

Matthew Lotze
Ramona, California

SUMMARY OF CHARGES OF CONVICTION

Counts 1 - 4: Wire Fraud, in violation of Title 18, United States Code, Section 1343
Maximum Penalty: Five years' imprisonment; \$250,000 fine; three years' supervised release

Count 11: False Statement, in violation of Title 18, United States Code, Section 1001
Maximum Penalty: Five years' imprisonment; \$250,000 fine; three years' supervised release

Counts 14 - 15: Mail Fraud, in violation of Title 18, United States Code, Section 1341
Maximum Penalty: Five years' imprisonment; \$250,000 fine; three years' supervised release

AGENCIES

U.S. Consumer Product Safety Commission
U.S. Department of Justice, Office of Consumer Litigation

PUBLIC SAFETY WARNING

If you possess any of the Chevron toy cars pictured below, keep the toy cars away from children younger than age 3 and immediately notify the U.S. Consumer Product Safety Commission at 800-638-2772.



Freddy 4-Wheeler



Wendy Wagon



Sam Sedan



Tony Turbo